

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-first Annual Report and audited financial statements for the financial year ended on 31 March 2022 (FY2022).

At the outset, your Directors express their profound grief on the sad demise of Shri. Rahul Bajaj, the founding Chairman of the Company, who passed away on 12 February 2022. He was the Chairman of the Company till 31 March 2013 and continued as Non-executive Director up to 31 March 2020.

He lived an extraordinary life. He was the architect of one of the most respected business groups in the country, a vocal proponent of entrepreneurship and a voice of the industry at large. He stood for what he believed, a man driven by values, and bold in both expression and action. He was the torchbearer of the family legacy that dates back to the founding days of our country and championed the creation of a new India. While his passing away has left a void amongst us, he leaves behind an unparalleled foundation for all of us to build upon.

The Board places on record its whole-hearted appreciation of the invaluable contribution made by him to the spectacular success of the Company over the last two decades.

Industry update

During the first quarter of FY2022, there was further outbreak of COVID-19. The pandemic brought about a major shift in the perception of life insurance among consumers. The life insurance industry observed change in customers' preference to guaranteed return plans (due to market volatility and increased perception of risk) and revival in demand for unit-linked insurance plans (ULIPs) in 3rd quarter of the year (due to recovery in equity markets). Overall, the industry was able to report better performance in FY2022 due to the milder effects on savings of the second and third waves of COVID-19 and the base effect of last year.

Guaranteed plans and ULIPs helped in propelling growth across the industry. Annuity business witnessed an upsurge, as insurers forayed into this untapped segment. Though demand for protection initially increased, successive price increases by reinsurers led to a dampening of sales in this important segment. Group protection segment saw a higher demand, as corporates tried to increase coverage for their employees and banks lent more on the back of a very low base.

Consequent to the second wave, the industry saw an alarming rise in death claims due to COVID-19 till H1 FY2022. The settlement of claims assisted the affected families in the time of crisis posed by the pandemic. Impact of second and third waves now seems largely settled with gradual improvement in claims experience observed since Q3 FY2022.

Overall, economic activity across the world recovered in FY2022 as countries relatively eased the COVID-19 led restrictions and continued fiscal and monetary support to revive growth. Indian economy also recovered, despite the impact of second wave, with GDP growing by 10.6% during April – December 2021 as compared to April – December 2020. Initially, pent-up demand from the lockdown led to strong demand for goods and hence recovery was led mainly by manufacturing / mining and construction segments. Service segment revival started from Q2 FY2022 onwards as the second wave led restrictions were lifted.

The premium growth rate of the industry and for your Company for FY2022 and FY2021 have been depicted in the table below:

(₹ In Crore)

Particulars	Individual rated new business		New business	
	FY2022	FY2021	FY2022	FY2021
BALIC	3,686	2,468	9,136	6,313
Private sector	55,077	45,192	1,15,503	94,103
LIC	32,496	30,466	1,98,760	1,84,175
Industry	87,573	75,658	3,14,263	2,78,278
Growth rates				
BALIC	49.4%	28.0%	44.7%	21.9%
Private sector	21.9%	7.5%	22.7%	16.3%
LIC	6.7%	-3.1%	7.9%	3.5%
Industry	15.7%	3.0%	12.9%	7.5%
Market share				
Private industry	62.9%	59.7%	36.8%	33.8%
LIC	37.1%	40.3%	63.3%	66.2%

Source Life Council statistics

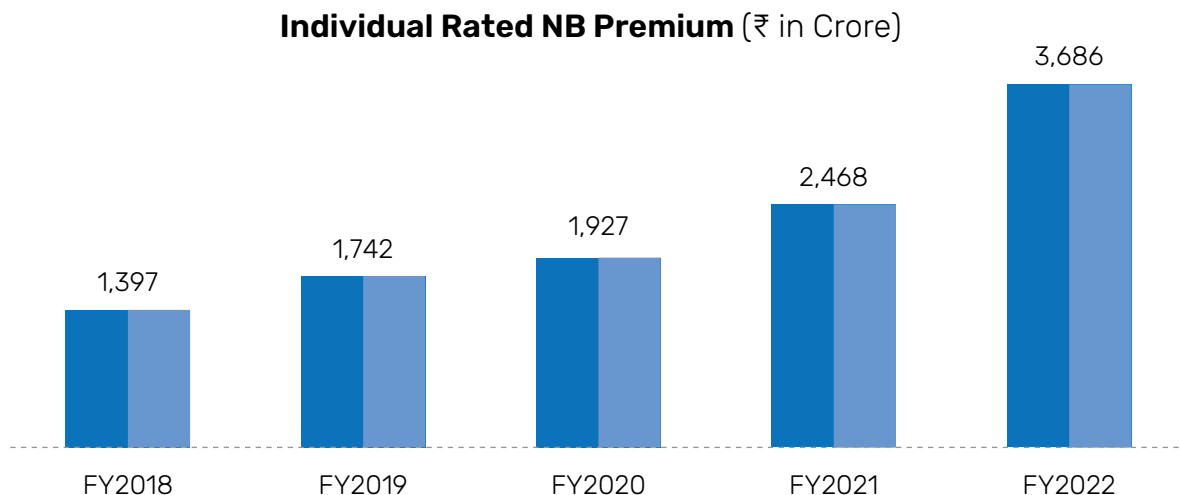
Note: Individual rated new business premium = 100% of first year premium & 10% of single premium

Group premium contributed to more than half of the new business premium for the industry and was 60% in FY2022 versus 59% in FY2021. Of the total growth for the industry, the individual new business premium grew by 10% and group new business premium grew by 15% in FY2022.

Business update

In FY2022, your Company recorded a very strong growth of 49% in Individual Rated New Business Premium (IRNB) which was significantly higher than the industry growth rate of 16% and private sector growth of 22%. As a consequence of strong performance of channels supported by new customer friendly products, your Company was the fastest growing company in the top ten private players (on the basis of IRNB premium) during FY2022.

The growth of your Company is evident in the below chart (CAGR for four years at 27%).



All the distribution channels of your Company viz. Agency, Institutional Business and BALIC Direct contributed to the growth in FY2022. There has been significant contribution from distribution partnerships with new age private banks. Your company was well ahead in perceiving the customer demand and launching new feature-rich products. There has been strong uptick in demand for non-participating (guaranteed) savings products including the annuity product launched in Q4 FY2021. Your Company launched a one-of-its-kind non-participating guaranteed product "Assured Wealth Goal" in Q4 FY2022 providing medium to long term income option for the customers.

Your Company continued its journey of transformation, which included, *inter alia*, (i) Feature-rich product portfolio with customer value propositions, (ii) Continued focus on building profitable agency channel and developing its direct selling channel [BALIC Direct] aimed at upselling and cross selling opportunities with existing customers, (iii) Investment in new retail engines of growth while building on the existing bancassurance relationships, (iv) Continued focus towards gaining share in Affluent and High Net Worth Individuals category of customers, (v) Continuing being Life Goal enablers, (vi) Digitisation of insurance operations (pre and post sales) and, (vii) Continued focus on improving quality of business which includes persistency, customer grievances and claims.

Results of the steps taken towards transformation over the last few years have been visible through strong growth in new business and market share, higher customer retention as evidenced through growth in renewals and improved persistency across cohorts, revamped product portfolio including new business line of providing annuity solution to customers, several technological innovation in product distribution, customer service and brand enrichment.

In FY2022, your Company focussed on annuity as a line of business and continued with balancing of portfolio between guaranteed (lumpsum and income); retail protection, participating, pension / annuity and unit-linked business which helped to safeguard from volatile market movements. The proportion of unit-linked insurance mix, which is volatile in nature, over the period has stabilized with 41% mix in FY2021 and 39% in FY2022 on the basis of IRNB premium.

The number of new retail policies sold were 4.75 lakh and total lives covered under group business at 2.82 crore in FY2022.

Your Company saw its market share increasing from 3.3% in FY2021 to 4.2% in FY2022 on IRNB premium basis. Within the private industry, your Company's market share grew from 5.5% in FY2021 to 6.7% in FY2022.

In FY2022, your Company continued to build on the Life Goals branding which has helped it in establishing unique positioning in customers' mind. During H2 FY2022, your Company launched a unique ULIP campaign – "ULIP Ek, Fayde Anek" to promote multiple features of ULIP products and also a campaign on "Yeh Bhi Sahi Hai" to highlight importance of life insurance in meeting life goals.

Financial performance

The key financial performance parameters of your Company are as follows:

Particulars	(₹ In Crore)		
	FY2022	FY2021	Growth %
Gross written premium (GWP)	16,127	12,025	34.1%
New business premium	9,136	6,313	44.7%
- Individual rated new business premium	3,686	2,468	49.4%
- Group protection new business Premium	2,287	1,597	43.2%
Renewal premium	6,991	5,712	22.4%
Policyholders' surplus / (loss)	(355)	(69)	-
Shareholders' profit after tax	324	580	-44.1%
Assets under management	85,623	73,773	16.1%

Your Company registered 44.7% growth in new business premium and 22.4% growth on renewals which led to 34.1% growth in GWP. With the focus on individual business, IRNB premium saw growth of 49.4%.

Profit after tax was lower in FY2022 at ₹ 324 crore as compared to ₹ 580 crore for FY2021 mainly on account of higher COVID-19 claims / reserves and higher new business strain due to higher individual new business. The accumulated profits of your Company included in Reserves and Surplus stood at ₹ 9,264 crore as at 31 March 2022.

Gross written premium

Your Company reported gross written premium of ₹ 16,127 crore with growth of 34.1% on the back of strong growth in individual business and renewal premium. This is the highest ever gross written premium of your Company since its inception in 2001.

Investments

The broader recovery which started in FY2021 continued in FY2022 as NIFTY Index ended 18.9% higher on the back of strong earnings growth. Despite the omicron wave hitting in H2 FY2022, economic recovery continued. The CRISIL composite bond index generated 4.5% returns during the year.

Interest rates hardened in FY2022 due to higher than expected Central Government borrowings budgeted for FY2023 and elevated inflation. RBI continued with its easy monetary policy and accommodative stance throughout the year to support economic revival. However, globally many central bankers started policy normalization process to address inflationary pressures driven by the commodity prices and supply side concerns.

Union Government continued with its previous year's trend of focusing on capital expenditure through a healthy increase in allocation in budget FY2023 and also by further strengthening schemes such as Production Linked Incentive Scheme to promote private investments.

Your Company remains optimistic about the long-term prospects of the Indian economy.

Assets Under Management (AUM) as on 31 March 2022 were ₹ 85,623 crore which included shareholders' investments of ₹ 11,001 crore, traditional policyholders' investments of ₹ 41,195 crore and unit-linked investments of ₹ 33,427 crore (including unclaimed funds). This is the highest ever AUM in your Company's 21 years' history.

Capital and Net-worth

The total funds infused by the shareholders in your Company remain at ₹ 1,211 crore. The net worth of your Company as at 31 March 2022 was ₹ 10,939 crore as against ₹ 10,735 crore as at 31 March 2021. Your Company had no accumulated losses as at 31 March 2022.

Your Company maintained high levels of solvency throughout the year, which provides policyholders with a high degree of comfort when dealing with your Company. The solvency ratio as at 31 March 2022 stands at 581% which is well in excess of the required solvency margin of 150%.

Dividend

Your Company has registered healthy financial and operational performance consistently for last few years. Your Company also enjoys a very healthy solvency position.

Considering your Company's capital, solvency and liquidity positions as well as adherence to the limits on expenses of management, the Board of Directors, at its meeting held on 20 October 2021, declared an interim dividend of ₹ 9.10 per equity share of face value of ₹ 10 (91%) amounting to ₹ 137.15 crore.

The Board has recommended to the Shareholders confirmation of the aforesaid interim dividend and declaration of final dividend of ₹ 20.90 per equity share (209%), including special dividend of ₹ 17.50 per equity share (175%) for FY2022 at the ensuing Annual General Meeting (AGM). Accordingly, total dividend for FY2022 would be ₹ 30 per equity share of ₹ 10 (300%) amounting to ₹ 452.13 crore [previous year ₹ 11 per equity share of ₹ 10 (110%), amounting to ₹ 165.78 crore].

Products and product mix

As at 31 March 2022, your Company had 33 individual plans and 8 group plans in its product basket apart from 13 riders. Product portfolio of your company is being reviewed on a regular basis and products are introduced to cater to various customer segments and their needs.

During FY2022, traditional products contributed to 61% of the individual rated new business premium as compared to 59% for FY2021 and unit-linked products contributed to 39% as compared to 41% for FY2021. Within group business, the protection business contributed to 44% of the new business premium for FY2022 as compared to 42% for FY2021.

Customer service and Policyholder Protection

During FY2022, in the midst of uncertainties owing to second and third waves of the COVID-19 pandemic, your Company's offices were operational following the local authorities' instructions. Based on the learnings of the previous year, your Company was fully prepared to facilitate agents and intermediaries to distribute products and serve customers with the help of robust digital solutions and agile processes.

Various self-service digital solutions available for ensuring uninterrupted service at the customers' fingertips were publicised for customers and distributors in English and local languages through text messages and voice dialer calls. The digital solutions facilitated logging in of policy proposals, payment of premium and other policy servicing requests. Your Company's long-term strategy of digital access across devices / mediums of choice to create an "always accessible insurer" was implemented across all modes including the customer portal, customer mobile application, chatbot and messaging platform.

Your Company already had digital means for intermediaries for logging in policies through tablet based 'Instab' platform. 'Smart Assist', a screen and document sharing facility launched in the last financial year, has found complete acceptance in the sales fraternity, allowing the sales employee / intermediary to have one to one interaction with customers in a secure environment over a screen during the pandemic. To further facilitate the customers to conduct their medical tests, your Company tied up with multiple health service providers across the country to enable setting up of appointments for home visits as well as

telephonic and video medical examinations in case customers do not want to visit medical centres to conduct these medical tests.

Your Company continued to approach customers with pre-approved cover offers with the help of analytics solutions. This in conjunction with various marketing initiatives encouraged customers to stay safe and stay invested in their policies during the uncertain period. This has had a very positive effect on the policy persistency across cohorts as well.

During FY2022, post the second wave, a very large number of COVID-19 death claims were received between the end of Q1, till the end of Q2. Total claims received have increased substantially in FY2022 owing to this mid-year surge in deaths owing to the pandemic. Your Company continued to pay death claims throughout the pandemic period to assuage the affected families. Total death claims intimated, disposed of and pending in FY2022 were as follows:

(₹ In Crore)

Particulars	FY2022		FY2021	
	No. of Policies	Amount	No. of Policies	Amount
Claims intimated/booked + opening	2,14,304	2,411	1,71,309	1,434
Claims settled	2,13,746	2,325	1,70,780	1,378
Claims repudiated	376	68	439	46

Digital innovation

During the year, your Company has continued to take several digital initiatives to improve its customer experience. Your Company's state-of-the-art servicing platform 'iAHEAD' has been scaled across all branches pan India, facilitating all service representatives to have a single view of the customer's policy as well as portfolio with the Company. This platform also allows all the servicing channels to provide over the counter services such that most of our customer requests are now handled and resolved at the point of interaction itself.

Your Company has continued to provide to customers a messaging platform which has emerged as the single most used servicing platform with over 22 lakh opt-ins and active usage by over 8 lakh customers. In addition, your Company's robust and secure customer service portal 'Life Assist' facilitates better policy management and customer service. The video-calling facility 'iServ' continues to allow the senior citizen customers to submit their certificate of existence over the video call to ensure continuity of their annuity and pensions benefits.

Owing to the focus on ensuring premium assurance, your Company has a full-service digital payments ecosystem which covers all online payment options including net banking, debit card, wallets as well as the Unified Payments Interface platform for online payments. Your Company has also been including more banks on the online payments platform to provide standing instructions for future renewal premiums online through 'eMandate' which has resulted in approximately 70% of renewal payments by value taking place through online modes. Renewal premium in respect of about 88% of the policies has been received through digital means of auto mandates or online via the portal.

These digital self-service options have continued to significantly assist in reducing time, physical and cognitive effort for our customers.

Information and cyber security

To ensure safeguard against information and cyber security threats, your Company has migrated all its critical internet-facing information assets behind robust firewall. There has been periodic vulnerability assessment

and penetration testing along with a review of segregation of duties which helps to keep the Company's information assets safe and secure.

Your Company undertakes annual awareness program for all employees to highlight the need of information and cyber security and role and responsibilities of employees in this respect.

Pursuant to IRDAI's Guidelines on Information and Cyber Security, your Company undertakes annual information system audit of information and cyber security through an external CERT-in empaneled audit firm. During FY2022, the aforesaid audit was carried out covering critical business applications of the Company and areas including access control, business continuity management, information security in supplier relationships, information security incident management, cloud security, system acquisition, development and maintenance. There were no major observations arising out of the aforesaid audit. Further, as per IRDAI's Guidelines on Insurance E-commerce, your Company undertakes annual audit of insurance self-networking platform provided by the Company for insurance e-commerce activities through an external CERT-in empaneled audit firm. During FY2022, the aforesaid audit was carried out in respect of covering various controls, systems, procedures and safeguards put in place by the Company. There were no major observations arising out of the aforesaid audit.

Recognition and Awards

Your Company continues to be recognised with various awards and accolades. Here is a brief highlight of some of the major awards won by your Company during the year:

- Recognized with the 'Highest Growth' award at the ASSOCHAM 13th Global Insurance E-Summit & Awards for the overall growth trajectory of the Company
- Certified as Great Place To Work® India and won the prestigious Kincentric Best Employer Award 2021
- Won accolades for revolutionary digital platform Smart Assist, including Tech Leadership Awards 2021 under 'Business Innovation – Best Covid Response' and 'Best in Future of Digital Innovation'
- Won IDC Future Enterprise Awards for India under 'Best in Future of Customers and Consumers' and 'Special Award for Digital Resiliency' for overall digital infrastructure
- Won prestigious Economic Times awards –
 - 'Data Initiative of the Year' at The Economic Times 4th BFSI Innovation Tribe Awards for fraud prevention / mitigation initiatives
 - GOLD under the 'Marketing Campaign during COVID 19' category at ET Brand Equity Shark Awards 2021 for #SavingsToLifeGoals campaign
 - ET BFSI Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]'
- Awarded Gold #SAMMIE for the 'Best Social Media Brand' in BFSI (Insurance category) at the Best Social Media Brands Award 2020-21
- Won 'Best Fraud Prevention Platform' at 'FinTech India Innovation Awards 2022'

IRDAI registration

Your Company has paid the annual fees for FY2023 to the Insurance Regulatory and Development Authority of India ('IRDAI') as specified by the IRDA (Registration of Indian Insurance Companies) Regulations, 2000, as amended.

Directors' responsibility statement

In accordance with section 134(3)(c) of the Companies Act, 2013 ('the Act'), the Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2022 and of the profits of the Company for the financial year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Annual return

Pursuant to section 92(3) of the Companies Act, 2013, a copy of the Annual Return as at 31 March 2022 is hosted on the Company's website and can be accessed at <https://www.bajajallianzlife.com/about-us.html>

Number of meetings of the Board

The Board of Directors met five times during the year. Detailed information about dates of meetings and attendance of Directors thereat is given in the Corporate Governance Report annexed to this report.

Remuneration policy

Policy on remuneration of Directors, key managerial personnel and other employees, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under section 178(3) of the Act, is placed on the Company's website <https://www.bajajallianzlife.com/about-us.html>

The policy is directed towards a compensation philosophy and structure that will reward and retain talent and provides for a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Related party transactions

As per section 177 of the Act, the Audit Committee of the Board of Directors approves the estimated related party transactions of the Company at the beginning of every financial year. Related party transactions are placed before the Audit Committee for noting on a quarterly basis. Related party transactions entered during the year under review were in the ordinary course of business and on an arm's length basis, thus not requiring prior approval of the Board or the shareholders. During the year, there were no material contracts or arrangements or transactions on an arm's length basis that needed to be disclosed in Form AOC-2 as required under the Act. As per Accounting Standard (AS) 18 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are also included in the notes to the financial statements.

Material changes and commitments

There have been no material changes or commitments affecting the financial position of the Company, which have occurred between the end of financial year of the Company and the date of this report.

Conservation of energy and technology absorption

Your Company has taken the following measures during FY2022 to reduce energy consumption:

- 40 KW Solar power installed at head office to support sustainable development of power requirement through renewable energy
- LED lights installed across offices along with energy efficient Variable Refrigerator Flow (VRF) air conditioning system

The energy conservation measures led to considerable reduction in electricity consumption across offices during FY2022.

Your Company is focusing on modernisation of existing digital applications using the latest technology that would bring 'Reusability' and faster 'Go to market' for new features and functions.

Your Company has continued the journey towards integrating with new partners with faster and more efficient execution. Your Company has implemented a new platform for bancassurance channel that would make the buying experience more intuitive, user friendly and faster. The experience gained will be leveraged with other sales channels as well.

With the newly implemented customer relationship management platform and robust artificial intelligence powered renowned messaging chatbot, customer servicing has now become 'conversational' and 'on-the-fly'. To improve simplicity in servicing, your Company has provided multiple chatbots for customers, sales channels and intermediaries. Multiple dashboards have been rolled out for Sales team so that performance and business-related numbers are available on the move on handheld devices. Your Company has also continued to leverage on artificial intelligence, natural language processing, analytics and social media platforms to gain more insights into customer needs which further helps to make interactions convenient and user friendly.

Your Company has continued its journey for transformation of critical digital applications including applications to facilitate underwriting, partner management, reinsurance and centralised identity, roles & rights management of employees and intermediaries. First phase of new policy administration system is near completion.

Foreign exchange earnings and expenditure during FY2022

Earnings in foreign currency : Nil
Expenditure in foreign currency : ₹ 3.23 crore

Risk management policy

A statement indicating development and implementation of risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company has been given in the Corporate Governance Report annexed to this report. Further details are also available in the Management Report which is a part of the Company's Annual report.

Business continuity management

Your Company has a Business Continuity Policy (BCP) and a detailed exhaustive Business Continuity Plan to mitigate Business Continuity risk. The Company has in place BCP Core Committee and Crisis Management Team with regional coordinators. A detailed Disaster Recovery (DR) plan covers critical processes, strategies adopted for DR invocation and recovery, which eventually helps in minimising financial impact to the organization, continue to serve customers and mitigate the negative effects of disruptions that could affect your Company's brand, operations and market position. The Company maintains the availability of critical IT applications, with defined Recovery Time Objectives and Recovery Point Objectives monitored with DR drill conducted at least annually and test results documented. DR servers for critical applications are integrated in security incident and event management tool. Based on the defined strategy, your Company successfully handled the continuity of business during current pandemic situation with no disruption.

Corporate social responsibility (CSR)

Report on Corporate Social Responsibility Policy developed and implemented by the Company on CSR initiatives taken during FY2022 pursuant to sections 134 and 135 of the Act is given in annexure to this report. The same provides details of the amount spent on CSR projects during the year. The funding for ongoing projects was delayed/reduced as some of these projects were affected by the COVID-19 pandemic and lockdowns and some pertaining to COVID-19 relief did not require anticipated funds as the third wave was not as severe as estimated. Unspent amount pertaining to the commitments made by the Company towards multi-year ongoing projects in progress has been transferred to a separate Unspent CSR bank account of the Company. The amount transferred to the aforesaid Unspent CSR account will be spent for the said projects within the permissible time limit. Accordingly, the Company has duly complied with section 135 of the Act read with rules thereunder and the CSR policy of the Company. The Chief Financial Officer has certified that the funds spent during FY2022 for CSR projects have been utilised for the purpose and in the manner approved by the Board.

The Policy including the composition of the CSR Committee is uploaded on the website of the Company <https://www.bajajallianzlife.com/about-us.html>. The CSR projects approved by the Board for FY2023 will be displayed on the said website.

Performance evaluation of the Board, its Committees and Directors

In accordance with section 134(3)(p) of the Act, formal annual performance evaluation of the Board, its Committees and the Directors individually has been carried out in the following manner:

- (a) Survey was arranged through a digital platform for each of the Directors with regard to evaluation of performance of the Board, its Committees and individual Directors (except for the Director being evaluated) for the year under review.
- (b) A consolidated summary of the ratings given by each of the Directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees and Directors.
- (c) The report of performance evaluation so arrived at was then discussed in the meeting of the Board of Directors. Directors were individually communicated of their respective rating by the Chairman of the Company.
- (d) The Nomination and Remuneration Committee reviewed the implementation and compliance of the process of performance evaluation.

Directors and key managerial personnel

During the year under review, pursuant to the approval of the Board of Directors and IRDAI, Tarun Chugh, having term of office as Managing Director and Chief Executive Officer (MD & CEO) up to 31 March 2022, was re-appointed as MD & CEO for three years with effect from 1 April 2022.

Shashi Kant Sharma (DIN 03281847), Independent Director, ceased to be Director of the Company upon his resignation effective 11 April 2022.

There was no change in key managerial personnel during the year under review.

The Independent Directors have submitted declarations stating that they meet the criteria of independence as provided in section 149(6) of the Act. The Independent Directors have submitted declarations to the effect that they have included their name in data bank of independent directors pursuant to the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended. The Board is of the opinion that the Independent Directors are persons of integrity and possess relevant expertise, proficiency and experience.

Pursuant to the provisions of the Act, Sergio Balbinot (DIN 01629245), Director, Tarun Chugh (DIN 02578909) and Niraj Bajaj (DIN 00028261), Directors, retire by rotation and, being eligible, have offered themselves for re-appointment as Directors at the ensuing 21st AGM. Accordingly, resolutions seeking approval of the Shareholders for the aforementioned re-appointment form part of notice convening the 21st AGM. Necessary details regarding their re-appointment as required under the Companies Act, 2013 are also given in the aforesaid notice.

Directors & Officers liability insurance policy

The Company has a Directors & Officers Liability Insurance Policy with adequate quantum and coverage of risk.

Significant and material orders passed by the Regulators or Courts

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year under review impacting the going concern status of your Company and its operations in future.

Internal audit

At the beginning of each financial year, an audit plan is rolled out after the same has been approved by Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake preventive and corrective actions in their respective areas. Significant audit observations and actions thereon are presented to the Audit Committee. More details of composition and functioning of the Audit Committee are given in the Corporate Governance Report.

Your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and, accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

Adequacy of internal financial controls

Your Company has established an internal financial control framework as per the requirements of the Companies Act, 2013. Your Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational. This includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance, which are commensurate with the nature of its business and the size and complexity of its operations. This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The key components of the internal financial control framework include Entity Level Controls, Process Level Controls and Review Controls. Your Company undergoes review of internal controls by specialised third party professional firm across functions.

During the year under review, the internal financial controls with reference to the financial statements were reviewed and found to be adequate and operating effectively.

There is no qualification, reservation, adverse remark or disclaimer made by the joint statutory auditors in their report on internal financial controls.

Particulars of employees

As required by the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees are set out in the Annexure to this report.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, 15 complaints were received under the said Act. Out of these 15 complaints, 14 complaints have been closed and enquiries in 1 complaint (received in March 2022) are underway as on 31 March 2022.

Corporate governance

A report on Corporate Governance as required under the Corporate Governance Guidelines for insurance companies issued by IRDAI (Corporate Governance Report) is annexed to this report along with a certificate from the Company Secretary.

Composition of Committees

These details are provided in the Corporate Governance Report annexed to this report.

Establishment of vigil mechanism

Your Company has established a vigil mechanism in the form of Whistle Blowing (Ethics) Committee for the employees to raise concerns internally about possible irregularities, governance weaknesses, financial reporting issues or other such matters of irregularities. The said vigil mechanism provides adequate measures to safeguard the persons who take recourse to such vigil mechanism and, in appropriate cases, the concerned person may approach the Chairperson of the Audit Committee. The Audit Committee oversees the vigil mechanism of the Company.

Disclosures under the Companies Act, 2013 / rules thereunder

- The Company is not required to maintain cost records pursuant to section 148 of the Companies Act, 2013 read with rules thereunder.
- Section 186 of the Companies Act 2013 relating to loans, guarantees and investments, requiring, *inter alia*, disclosure thereof in the financial statements does not apply to the Company.
- The Company does not have any subsidiary, joint venture or associate company.
- The Company has not accepted any deposits during the year under review.
- Neither any application was made during FY2022 nor any proceeding is pending as at the end of the said financial year under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
- Neither any loan was taken from any bank or financial institution nor any settlement was done with any bank or financial institution during FY2022.

Secretarial Standards of ICSI

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India from time to time.

Statutory auditors

S R Batliboi & Co. LLP, Chartered Accountants (FRN: 301003E/E300005), the joint statutory auditors, hold office up to the conclusion of the 22nd AGM of the Company and Kirtane & Pandit LLP, Chartered Accountants (FRN: 105215W/W100057), the joint statutory auditors, hold office up to the conclusion of the ensuing AGM of the Company. The Board of Directors recommends to the shareholders the appointment of Kalyaniwalla & Mistry LLP, Chartered Accountants (FRN: 104607W/W100166) as the joint statutory auditors from conclusion of the ensuing annual general meeting till conclusion of the 26th AGM.

The Company has received from Kalyaniwalla & Mistry LLP, Chartered Accountants, a certificate to the effect that their appointment shall be in accordance with the prescribed conditions and they are not disqualified under the Act and guidelines issued by IRDAI to act as statutory auditors of the Company.

The Audit Report from the joint statutory auditors does not contain any qualification, reservation or adverse remark or disclaimer.

During the year under review, there was no fraud reported by the joint statutory auditors to the Audit Committee under section 143(12) of the Companies Act, 2013.

Secretarial auditor

Pursuant to section 204 of the Act, the Board has re-appointed Shyamprasad Limaye, Company Secretary in Practice (FCS No. 1587, CP No. 572) to undertake the secretarial audit of the Company for FY2022.

A report from the secretarial auditor in the prescribed Form MR-3 is annexed to this report. The same does not contain any qualification, reservation or adverse remark or disclaimer. During the year under review, there was no fraud reported by the secretarial auditor to the Audit Committee under section 143(12) of the Companies Act, 2013.

Appreciation & Acknowledgment

The Board is grateful to the IRDAI and other regulatory authorities for their continued support and co-operation and, particularly, for enabling ease of business during the period of lockdown.

Your Company's performance during the year would not have been possible without the dedication, commitment and hard work of the employees despite of the challenges posed by uncertainties due to second and third waves of COVID-19 pandemic.

Your Directors take this opportunity to thank the promoters, Bajaj Finserv Limited and Allianz SE, for providing strategic direction to and guidance in the working of the Company. The Board of Directors is thankful to your Company's policyholders, agents, intermediaries and reinsurers for reposing their unstinted faith in your Company.

For and on behalf of the Board of Directors of
Bajaj Allianz Life Insurance Company Limited

Sanjiv Bajaj

Chairman
(DIN 00014615)

Pune, 22 April 2022